

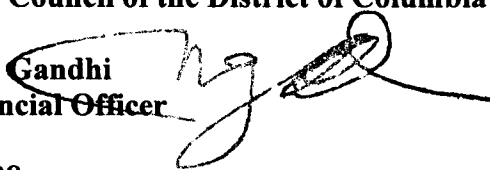
**Government of the District of Columbia  
Office of the Chief Financial Officer**



**Natwar M. Gandhi**  
Chief Financial Officer

**MEMORANDUM**

**TO:** The Honorable Vincent C. Gray  
Chairman, Council of the District of Columbia

**FROM:** Natwar M. Gandhi   
Chief Financial Officer

**DATE:** June 3, 2008

**SUBJECT:** Fiscal Impact Statement: "Wards 4, 7, and 8 Anti-Sale of Single Containers of Alcoholic Beverages Amendment Act of 2008"

**REFERENCE:** Bill Number 17-532, Committee Print<sup>1</sup>

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**Conclusion**

Funds are sufficient in the FY 2008 through FY 2011 financial plan to implement the proposed legislation. The proposed legislation targets for a moratorium of sale one form of packaging for the sale of alcoholic beverages; it is concluded that the result will be a change in composition of the purchase of alcoholic beverages rather than a change in level (amount) of alcohol sold. Accordingly, there would be no effects on tax collections.

**Background**

Current District of Columbia alcoholic beverage regulation law provides that, in the "Ward 4 Moratorium Zone," licensed off-premises sellers of alcoholic beverages may not sell single containers of beer, malt liquor, or ale with a capacity of 70 ounces or less. Under current law, these "special restrictions" will expire September 30, 2008.

The proposed legislation would amend Chapter 3 of Title 25 of D.C. Official Code by adding new sections § 25-342 and § 25-343. These proposed sections would prohibit certain retailers in Wards 7 and 8 – those with an off-premises class A or B license – from selling an individual container of beer, malt liquor, or ale with a capacity of 70 ounces or less. In addition, the

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<sup>1</sup> Committee Print dated April 11, 2008. Received in ORA April 15, 2008.

proposed legislation would repeal the expiration of the single container restrictions for the Ward 4 Moratorium Zone.

### **Financial Plan Impact**

Funds are sufficient in the FY 2008 through FY 2011 financial plan to implement proposed legislation, based on the view that, although the proposed legislation will, as intended, eliminate single container sales, it will not divert any of this spending away from alcohol. As a result, there would be no overall reduction of purchases of alcohol (subject to the 9 percent tax rate) and no switching of consumer activity away from purchases of alcohol to, for example, the purchase of general merchandise (taxed at a lower 5.75 percent). That is, though the moratorium will be effective in eliminating single container sales, the consumer would organize to purchase alcohol using packaging that is not subject to the moratorium. Thus, the composition but not the level of spending on alcohol will change.